

PROCLAMATION

BY THE

Governor of the State of Texas

41-1731

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TO ALL TO WHOM THESE PRESENTS SHALL COME:

JUN 21 1979

June 14, 1979

Pursuant to Article IV, Section 14 of the Constitution of Texas, I hereby veto Senate Bill 1076, because of the following objections:

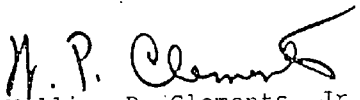
This bill generally authorizes certain conservation districts and other authorities (mostly river authorities) to issue revenue bonds for the purpose of developing and then leasing or selling solid waste recovery systems, with the products to be used for other useful purposes, such as fertilizer, full stacks, and the like. The bonds would be payable from lessee of the system, and from the proceeds of contracts with the city or other public agencies to supply garbage and other solid waste. Cities are authorized to contract to deliver minimum amounts of refuse to the issuer and to make minimum payments for such services. The cities' obligations to make payments can come from any sources, including local property taxes. This is the main feature of this bill. Thus, the River Authority Bonds are called "revenue" bonds, but they will in fact more likely be paid from local property tax levies while the Authority's bonds are outstanding.

The bill is of questionable merit. Under present law in other areas, such as Water or River Authorities, the ability to issue bonds indirectly secured by contracts with cities, are based on payments in turn payable from and made from local property taxes. However, an election to approve such contracts is sometimes required in the cities, even in cases of such necessities as water supply. In certain other instances, such elections are not required.

The question of profitable waste recovery is speculative at this point in technological development. In the past, some bonds were issued to build plants to make fertilizer out of garbage. A judgement was rendered against Houston in such a case for approximately \$4 million.

It would seem in cases of speculative ventures involving exposure of local property taxes that elections should be a minimum requirement. Therefore, I veto Senate Bill 1076.

Respectfully,


William P. Clements, Jr.
Governor

